



## **Supported housing consultation: key policy positions** **January 2017**

Homeless Link, incorporating Sitra, has produced this briefing to outline our key messages for the current supported housing consultation. We hope this might be helpful to members drafting their own responses.

Please note, this is a summary of our current position, which has been developed in consultation with our members across the country. There is wide range of opinions on many aspects of the consultation among our members and we will be reflecting the full range of these in our final response.

### ***Key positions***

We do not believe the proposals meet the Government's aims to introduce a simple, transparent system that increases local oversight and accountability, whilst also offering security to providers of supported housing and their tenants. In their current form, these proposals present a significant financial risk to our members and the people they support. The move from an entitlement-based system to a more discretionary model raises concerns about the financial viability of the sector and its ability to respond in future to all those who need support. The introduction of the 1% rent reduction from April this year further exacerbates these risks.

**We urge the Government to reconsider these proposals in light of the risk they pose to the sector and to not go ahead with the introduction of the LHA cap and 1% rent reduction to the supported housing sector.**

Some of our specific concerns about elements of the proposals are outlined below:

#### *1. Universal Credit as the key driver*

We would argue that the Universal Credit system in its current form is incompatible with the supported housing sector. We have particular concerns around the use of the Local Housing Allowance (LHA) as a basis for the system. The LHA rate was designed for the private rental sector and bears no relation to costs in the supported housing sector. It also introduces levels of variation in funding through the benefits system across the country which are greater than the variation in costs in delivering supported housing. This leaves parts of the country particularly exposed. The inflexible design of the Universal Credit system, such as monthly payment schedules, can also be challenging in a sector that works flexibly with people.

**The Government should explore how changes to Universal Credit, such as reviewing LHA rates for supported housing or increasing use of alternative payment arrangements, could help ensure the system is more compatible with the complexity of the supported housing sector.**

#### *2. Overall levels of funding*

There are significant concerns in the sector about how the level of funding will be calculated and allocated to local areas. The current estimate of £4.12 billion from the Government's evidence review has been questioned given the response rate to the review, and there are calls for a more robust assessment of the funding required. The supported housing sector is

diverse and complex and it is critical that any funding system is flexible enough to reflect this.

The Government's current proposals only relate to the housing costs, however funding for supported housing needs to be considered in the round to ensure that appropriate levels of both housing and support funding is in place for the sector in the future. Our members report that funding for support costs in supported housing continue to be squeezed and the National Audit Office found that after the removal of the Supporting People ring-fence in 2009, planned expenditure on the programme reduced by 45.3% between 2010/11-2015/16.<sup>1</sup> To create a truly sustainable sector, there has to be assurances about levels of support funding to meet current and future need.

**Further work must be undertaken to accurately size the pot for housing costs and clear plans should be in place to outline how funding will grow over time to meet future need. Consideration should also be given to how support costs could be put on a surer footing so that pressure in those funding streams do not undermine the Government's objectives for supported housing.**

### *3. Fair access to local funding*

The introduction of a ring-fenced, discretionary pot inherently brings with it a risk that local authorities will be forced to make difficult decisions locally, and prioritise certain groups for funding. This is of particular concern for groups that may be considered politically unpopular, such as people who are homeless, people leaving prison or people receiving treatment for drug and alcohol use. It is important that protections are in place in the new system to safeguard against this so that the right services are available locally. This concern is further exacerbated based on previous experience of local ring-fenced funding, such as the Supporting People programme. Once the ring-fence for this funding was removed, the funding was no longer protected against cuts and it became difficult to track spending locally.

In discussion with our members, there is broad support for introducing a statutory duty for local authorities to assess local supported housing need across the population and develop a supported housing plan. There should also be a mechanism for ensuring local authorities deliver against this plan. It was felt this would guard against the introduction of thresholds if statutory duties were introduced for particular groups and might also better recognise the preventative role of supported housing.

**There needs to be greater assurances around the long-term security of a ring-fenced pot. Local authorities should be required to develop a local supported housing strategy, in partnership with other key agencies, to inform the commissioning of services and be held accountable in implementing it. New duties should be reviewed alongside existing duties to vulnerable groups, such as those in the Care Act and those proposed in the Homelessness Reduction Bill, to reduce duplication and identify any gaps.**

### *4. Short term accommodation*

The need to develop an alternative system for short-term accommodation is driven solely by the current payment schedule of Universal Credit, which is paid on a monthly basis, so is not set up to cover the costs of stays in supported housing of fewer than 28 days. It is important that in trying to address this problem, the sector is not forced to adopt arbitrary definitions or timeframes that do not reflect the person-centred and diverse work going on across the sector.

There is a mix of views among our members about the best way to maximise security for short-term accommodation services who risk losing out under Universal Credit. Some favour an entirely locally-administered pot that takes short term accommodation out of the benefits system entirely. This would not be subject to some of the delays and issues of the Universal

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<sup>1</sup> National Audit Office (2014) The Impact of Funding Reductions on Local Authorities

Credit system and reduce the risk of arrears. However, it does introduce even greater elements of local discretion, which some providers find increases risk.

For other members, funding administered through the benefits system offers at least some security of funding up to the LHA rate. To have rents paid through benefits also establishes a landlord/tenant relationship that many feel is important both in terms of tenant rights and also in supporting people to manage tenancies. There is therefore a willingness to explore a model which safeguards funding for the initial time someone is in a service with a mechanism in place for this to then transfer to the Universal Credit system at a later date. Work would need to be done to establish the optimum timeframes for this and to ensure a solution that did not cause undue confusion or anxiety for tenants, providers and commissioners.

**A funding system for short-term accommodation services must be fit for purpose, minimise any financial risk and should reflect the needs and diversity of the sector. Further work should be done to explore alternative models and how well these might work for different types of short-term provision.**

#### *5. Outcomes and monitoring*

The consultation includes a focus on improving quality and strengthening local oversight and monitoring of supported housing schemes. In discussions with our members, there is broad agreement that some kind of national framework might be useful to ensure consistency and potentially safeguard certain groups from being overlooked locally. However, as far as this links to outcomes, members argue that these proposals deal solely with the housing costs whereas improved outcomes are linked to the provision of support. If housing funding becomes linked to outcomes without adequate support funding in place, there are concerns this could seriously undermine the sector. We would therefore urge again that supported housing funding must be considered in the round in order to inform proposals for the sustainability of the sector.

**If any national framework for commissioning and outcomes is introduced, it must be acknowledged that the provision of support is key to improving these outcomes and cannot be detached from these discussions.**

#### *6. Timeframe for implementation*

There are concerns about the timeframe for implementation of these proposals and whether there is enough scope to fully pilot and test the models. The Government is currently proposing a shadow year from April 2018 ahead of full implementation from April 2019. However, there are significant differences between a shadow system and running a system live. Given the significance of the changes proposed in this consultation, we would suggest the adoption of a 'test and learn approach' as for other aspects of Universal Credit to minimise risks to the sector once introduced.

**We call on Government to review the timeframe for implementing these proposals to allow for a robust 'test and learn' approach in line with wider Universal Credit implementation. Stronger transitional protections, including exemptions for existing tenants, should be considered.**

#### *7. Local authority administration*

There a range of views across our members about which tier of two-tier local authorities any funding for a new system should sit at. Given that housing and homelessness responsibilities currently sit at district level, keeping funding at this level would ensure housing expertise was retained in the system. Others feel that in order to ensure strategic join-up with the commissioning of support services funding should sit at the upper tier, although being clear this funding must still be used for housing costs.

**It is critical that, whichever local authority tier funding sits at, the system supports joined-up commissioning and draws on expertise across local areas. There should also be a clear indication of the level of funding that will be available to local authorities to meet costs of administering the new system, and that this must be separate to the top-up funding.**